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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/629,098	07/29/2003	Mikhail Bershteyn	M01	6366
7590 Mikhail Bershteyn 10820 Ashbourne Court Cupertino, CA 95014	03/27/2008		EXAMINER LIU, CHIA-YI	
			ART UNIT 3692	PAPER NUMBER
			MAIL DATE 03/27/2008	DELIVERY MODE PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No.	Applicant(s)	
	10/629,098	BERSHTEYN, MIKHAIL	
	Examiner	Art Unit	
	CHIA-YI LIU	3692	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1) Responsive to communication(s) filed on 08 Jan 2008.

2a) This action is **FINAL**. 2b) This action is non-final.

3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4) Claim(s) 3-8 is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5) Claim(s) _____ is/are allowed.

6) Claim(s) 3-8 is/are rejected.

7) Claim(s) _____ is/are objected to.

8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9) The specification is objected to by the Examiner.

10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a) All b) Some * c) None of:

1. Certified copies of the priority documents have been received.
2. Certified copies of the priority documents have been received in Application No. _____.
3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) Notice of References Cited (PTO-892)

2) Notice of Draftsperson's Patent Drawing Review (PTO-948)

3) Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date _____.

4) Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____.

5) Notice of Informal Patent Application

6) Other: _____.

DETAILED ACTION

Claims 3-8 are presented for examination. Applicant filed an amendment on 1/08/2008 canceling claims 1 and 2, and amending claims 3 and 4. Upon careful consideration of Applicant's amendments and arguments, the rejection of claims 5-7 are maintained and new grounds of rejection of claims 3-4 necessitated by Applicant's amendment are established in the instant office action as set forth below.

Claim Rejections - 35 USC § 102

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

Claims 5-7 are rejected under 35 U.S.C. 102 (b) as being anticipated by Mumick et al. (6,006,207).

As per Claim 5

Mumick discloses:

comparing the outstanding balance of the loan with the time-varying value that the loan obligation would fetch in the secondary market, see column 6, lines 33-34, column 4, lines 19-20

computing an acceptable amount of loan payoff dependently on the difference between said principal balance and said price, see column 2, lines 36-41, and column 6, lines 3-12

whereby a payoff amount (discounted prepayment) is smaller than the principal balance of the loan, the difference between loan balance and payoff amount

comprising a loan discount that is offered to the borrower, see column 1, lines 63-64, 67-69.

As per Claim 6

Mumick further discloses:

borrower prepays full or partial principal amount of debt at a discount, directly to the lender that holds the mortgage obligation, see column 3, lines 43-47. (Loan holder perform process for those customer accounts implies that repayment is paid directly to the loan holder/lender)

As per Claim 7

Mumick further discloses:

third party acquires a mortgage loan from the current lender at the price prevailing in the secondary market for such loans, and then offers the borrower to prepay, in part or in full, principal amount of loan at a discount, see column 8 lines 39-42. (Lender charges third party greater interest rate/ current market interest, allowing borrower the option of repayment discount)

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claim 3 is rejected under 35 U.S.C. 103 (a) as being unpatentable over Munick (6,006,207) in view of Official Notice.

As per Claim 3

Mumick ('207) discloses

comparing said fixed interest rate (loan rate) with a time-varying market interest rate (current interest rate), see column 2, lines 29-30 and column 4, lines 19-20, 25-26.

whereby a payoff amount ("x-d", principle balance minus discount amount) is smaller than the principal balance of the loan ("x"), see column 2, lines 38-41.

the difference between loan balance ("x") and payoff amount ("x-d") comprising a loan discount ("d" prepayment discount amount) that is offered to the borrower (customer), see column 2, lines 38-41.

computing an acceptable amount of loan payoff (\$ 950,000) dependently on the difference between said market interest rate (9%) and said fixed interest rate (fixed mortgage, 7.5% interest), see column 3, lines 4-27.

Mumick ('207) fails to explicitly disclose acquisition of a mortgage loan from the current lender at the price prevailing in the secondary market for such loans.

Official Notice is taken that it is old and well known in the mortgage art to acquire loan at the secondary market price. One would be motivated to do so, for the benefit of allowing investors to profit from the interest that the mortgage charges.

Claim 4 is rejected under 35 U.S.C. 103 (a) as being unpatentable over Munick (6,006,207) in view of Official Notice, as applied to claim 3 above, and further in view of Descloux (U.S. 2004/0128232).

As per Claim 4

Mumick ('207) teaches that third party offers borrowers to prepay, in part or in full, principal amount of loan at a discount. However, Mumick does not specifically disclose third party acquires the portfolio of mortgage loans which display a statistically meaningful tendency of borrowers to repay their loan. Descloux ('232) teaches acquiring the portfolio of mortgage loans which display a statistically meaningful tendency of borrowers to repay their loan (forecasting loan prepayments), see paragraph 0054, lines 8-12. Both Mumick and Descloux are directed toward mortgage prepayment. Therefore, the Examiner asserts that it would have been obvious to one of ordinary skill in the art at the time the invention

was made to modify the invention of Mumick ('207) to include acquiring the portfolio of mortgage loans. One would be motivated to do so, for the benefit of more conveniently and economically seeking out borrowers willing to repay their loan.

Claim 8 is rejected under 35 U.S.C. 103 (a) as being unpatentable over Munick (6,006,207) in view of Descloux (U.S. 2004/0128232)

Mumick ('207) teaches that third party offers borrowers to prepay, in part or in full, principal amount of loan at a discount. However, Mumick does not specifically disclose third party acquires the portfolio of mortgage loans which display a statistically meaningful tendency of borrowers to repay their loan. Descloux ('232) teaches acquiring the portfolio of mortgage loans which display a statistically meaningful tendency of borrowers to repay their loan (forecasting loan prepayments), see paragraph 0054, lines 8-12. Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the invention of Mumick ('107) to include acquiring the portfolio of mortgage loans for the benefit of seeking out borrowers willing to repay.

Response to Arguments

Applicant's arguments filed 1/08/2008 have been fully considered but they are not persuasive.

As to claims 5 and 6, Applicant argues that Mumick does not teach "a method of prepayment of a mortgage having an adjustable interest rate." The recitation "A method of prepayment of a mortgage having an adjustable interest rate" has not been given patentable weight because the recitation occurs in the preamble. A preamble is generally not accorded any patentable weight where it merely recites the purpose of a process or the intended use of a structure, and where the body of the claim does not

depend on the preamble for completeness but, instead, the process steps or structural limitations are able to stand alone. See *In re Hirao*, 535 F.2d 67, 190 USPQ 15 (CCPA 1976) and *Kropa v. Robie*, 187 F.2d 150, 152, 88 USPQ 478, 481 (CCPA 1951).

Moreover, even if the limitations in the preamble occur in the claims, applicant's argument would still not be persuasive. Applicant addresses to the preamble and argues that Mumick specifically limits its invention to fixed-interest loans or to the fixed-interest portions of loans. The preamble of Claim 5 specifically states, "having an associated fixed interest rate or an associated adjustable interest rate". The word "or" means you can choose between two alternatives. Mumick's invention of prepayment of mortgage does have one of the alternatives: the fixed interest rate. (see column 2 of Mumick, lines 26-31)

Applicant further argues that Mumick does not teach "the comparison of outstanding value of the loan with the value loan obligation would fetch in the secondary market" and that Mumick instead uses a formula that's only useful in the case of a fixed-interest loan. The Examiner disagrees. Mumick does teach the comparison of outstanding value of the loan (outstanding value of loan = mathematic manipulation of loan rate and other charges) with the value loan obligation would fetch in the secondary market (value of loan in secondary market is based = mathematic manipulation of market interest rate), see column 4, lines 25-26 and lines 19-20. And again, the limitation "adjustable interest rate" has not been given patentable weight because the recitation occurs in the preamble.

As to claim 7, Applicant argues that Mumick does not teach "the third party acquires a loan in the secondary market and then makes an offer of prepayment to the borrower." The Examiner disagrees. Mumick does each the third party (loan holder) makes an offer of prepayment to the borrower (loan customer), see column 3, lines 63-65 and it is inherent that the loan holder has "acquired a loan" in the secondary market before making offer to borrowers. (If the loan holder hasn't already acquired a loan,

he/she wouldn't become a holder of the loan.) Applicant argued that Mumick's teaching covers only the transaction between the borrower and the lender, but not a third party. The Examiner disagrees. Since the loan holder must have acquired the loan from someone else (lender), he is the third party and since the third party (loan holder) makes an offer to borrower (column 3, lines 63-65), Mumick does cover transaction between borrower, lender plus a third party (loan holder).

With respect to claims 4 and 8, Applicant argues that Descloux (U.S. 2004/0128232) has a filing date of September 3, 2003 and Applicant's application has an earlier filing date of July 29,2003, which makes Descloux not qualified as prior art. The Examiner disagrees. Descloux (U.S. 2004/0128232) filed a provisional application (No. 60/408,203) on Sept 4, 2002 which makes the effective filing date of Descloux prior to applicant's filing date of July 29, 2003.

Conclusion

THIS ACTION IS MADE FINAL. Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to CHIA-YI LIU whose telephone number is (571)270-1573. The examiner can normally be reached on Mon-Thur alternating Fri.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, KAMBIZ ABDI can be reached on (571) 272-6702. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

CHIA-YI LIU
Examiner
Art Unit 3692

/Susanna M. Diaz/
Primary Examiner, Art Unit 3692